

PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

CLERK'S OFFICE

NOTICE OF FILING AND HEARING AND PREFILE TESTIMONY DEADLINES

DOCKET NO. 2016-223-E

PETITION OF SOUTH CAROLINA ELECTRIC & GAS COMPANY FOR UPDATES AND REVISIONS TO SCHEDULES RELATED TO THE CONSTRUCTION OF A NUCLEAR BASE LOAD GENERATION FACILITY AT JENKINSVILLE, SOUTH CAROLINA

In Order No. 2009-104(A), dated March 2, 2009, the Public Service Commission of South Carolina ("Commission") authorized South Carolina Electric & Gas Company ("SCE&G" or "Company") to construct and operate two 1,117 net megawatt nuclear facilities ("Units") to be located at the Virgil C. Summer Nuclear Station site near Jenkinsville, South Carolina. In accordance with the Base Load Review Act, S.C. Code Ann. § 58-33-210 *et seq.*, in Order No. 2009-104(A), the Commission approved an estimated capital cost for the Units of \$4.5 billion in 2007 dollars and \$6.3 billion with escalation. In Order No. 2010-12, in Docket No. 2009-293-E, the Commission approved SCE&G's request to, among other things, approve an updated schedule of capital costs for the project. The updated capital cost schedule did not alter the total estimated capital cost for the Units of \$4.5 billion in 2007 dollars but changed the forecasted timing of cash flows.

In Order No. 2011-345, the Commission approved an updated capital cost schedule for the Units which also removed all projected contingency costs as required by the decision of the South Carolina Supreme Court in South Carolina Energy Users Comm. v. South Carolina Pub. Serv. Comm'n, 388 S.C. 486, 697 S.E.2d 587 (2010). In Order No. 2012-884, the Commission approved an estimated capital cost for the Units of \$4.5 billion in 2007 dollars and a new milestone schedule reflecting substantial completion dates for Units 2 and 3 of March 15, 2017, and May 15, 2018, respectively. The South Carolina Supreme Court affirmed the Commission's ruling in all respects. South Carolina Energy Users Comm. v. South Carolina Elec. & Gas, 410 S.C. 348, 764 S.E.2d 913 (2014).

In Order No. 2015-661, the Commission approved an updated construction schedule with new substantial completion dates for Units 2 and 3 of June 19, 2019, and June 16, 2020, respectively and an updated capital cost estimate of \$5.2 billion in 2007 dollars. No appeal was taken from Order No. 2015-661.

In October 2015, SCE&G signed an Amendment to the Engineering, Procurement and Construction Agreement for the project (the "Amendment") which restructured the project construction team, revised key terms of the construction contract, established new liquidated damages and completion incentives for the contractor, resolved outstanding claims between the parties, granted SCE&G a fixed price option for the remaining work required under the construction contract and extended the substantial completion dates for each unit by approximately two months.

On May 26, 2016, SCE&G filed a Petition with the Commission, pursuant to S.C. Code Ann. § 58-33-270(E), seeking an order approving an updated construction schedule and capital cost schedule for the Units. The updated construction schedule reflects new guaranteed substantial completion dates for Units 2 and 3 of August 31, 2019, and August 31, 2020, respectively. The new capital cost schedules reflect additional costs associated with the Amendment and with certain change orders outside the Amendments. It also reflects additional Owner's costs principally associated with the Amendment and the change in the guaranteed substantial completion dates, and additional costs to upgrade certain project-related transmission equipment. In total, the capital cost schedule reflects approximately \$807 million in additional cost that have been identified since the issuance of Order No. 2015-661. The elements of the cost are set forth in more detail in the Petition, including, but not limited to Paragraphs 18 – 52 of the Petition.

The capital cost estimate for which the Company seeks Commission approval in this proceeding is \$6.8 billion in 2007 dollars and \$7.7 billion with escalation. In its filing, the Company states that it may seek to update its capital cost estimates during the pendency of these proceedings if additional cost items are identified or if cash flow schedules are updated.

S.C. Code Ann. § 58-33-270(E) authorizes SCE&G to petition the Commission for modification of any of the schedules related to the construction of a base load generation facility. This statute provides that such requests shall be granted if, after a hearing, the Commission finds that the changes are not the result of imprudence on the part of SCE&G. In the Petition, the Company states "SCE&G's actions associated with the Amendment and all changes in

the construction schedule and forecast of capital costs reflected in Exhibit 1 and Exhibit 2 have been reasonable and prudent.”

A copy of the company’s Petition can be found on the Commission’s website at www.psc.sc.gov under Docket No. 2016-223-E. Additionally, a copy of the Petition is available from the office of South Carolina Electric & Gas Company at 220 Operation Way, Mail Code C222, Cayce, South Carolina 29033.

PLEASE TAKE NOTICE that a hearing, pursuant to 10 S.C. Code Ann. Regs. 103-817 and S.C. Code Ann. §58-33-270 on the above matter has been scheduled to begin on **Wednesday, October 05, 2016, at 10:30 a.m., and continuing to October 6th and October 7th, and further continued after these dates, if necessary**, before the Commission in the Commission’s Hearing Room at 101 Executive Center Drive, Saluda Building, Columbia, South Carolina 29210 for the purpose of receiving testimony and evidence from all interested parties.

Any person who wishes to participate in this matter as a party of record should file a Petition to Intervene in accordance with the Commission’s Rules of Practice and Procedure on or before **July 15, 2016**. For the receipt of future Commission correspondence, please include an email address in the Petition to Intervene. ***Please refer to Docket No. 2016-223-E and mail a copy to all other parties in this docket.*** Any person who wishes to testify and present evidence at the hearing should notify, in writing, the Commission; the Office of Regulatory Staff at 1401 Main Street, Suite 900, Columbia, South Carolina 29201; K. Chad Burgess, Director and Deputy General Counsel, SCANA Corporation, 220 Operation Way, Mail Code C222, Cayce, South Carolina 29033, on or before **July 15, 2016**. ***Please refer to Docket No. 2016-223-E.***

INSTRUCTIONS TO ALL PARTIES OF RECORD (Applicant, Petitioners, and Intervenors only):

All Parties of Record must prefile testimony with the Commission and with all parties of record. Prefiled Testimony Deadlines: Applicant’s **Direct Testimony** Due: **7/01/2016**; Other Parties of Record **Direct Testimony** Due: **9/1/2016**; Applicant’s **Rebuttal Testimony** Due: **9/15/2016**; and Other Parties of Record **Surrebuttal Testimony** Due: **9/22/2016**. All Prefiled Testimony Deadlines are subject to the information as posted on www.psc.sc.gov under ***Docket No. 2016-223-E.***

For the most recent information regarding this docket, including changes in scheduled dates included in this Notice, please refer to www.psc.sc.gov and ***Docket No. 2016-223-E.***

PLEASE TAKE NOTICE that any person who wishes to have his or her comments considered as part of the official record of this proceeding **MUST** present such comments in person to the Commission during the hearing.

Persons seeking information about the Commission’s procedures should contact the Commission at (803) 896-5100 or visit its website at www.psc.sc.gov.

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